

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 255577

61

ORIGIN NEA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

DODE-00 INR-07 NSAE-00 PA-01 PRS-01 SP-02 AID-05

COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 FEA-01

INT-05 AGR-05 L-03 H-02 /090 R

DRAFTED BY NEA/INS: ATHIBAULT

APPROVED BY NEA/INS: DKUX

EB/ITP/EWT - HKOPP (SUBS)

----- 037900

O 282259Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY COLOMBO IMMEDIATE

LIMITED OFFICIAL USE STATE 255577

E.O. 11652: N/A

TAGS: ECON, EIND, CE

SUBJECT: REQUEST FOR UPDATED INFORMATION ON AMERICAN
INVESTMENT, BUSINESS/TRADE IN COMMUNIST COUNTRIES

REF: (A) STATE 158934, DATED JULY 23, 1974

(B) COLOMBO 3363

(C) COLOMBO 3428

1. IN GENERAL, EXCEPT WHERE NOTED BELOW, REF (A) REMAINS
VALID SUMMARY OF US ECONOMIC ACTIVITIES IN VARIOUS
COMMUNIST COUNTRIES AND MAY BE DRAWN UPON IN RESPONDING
TO BANDARANAIKE. EACH COUNTRY FEATURES SPECIAL ASPECTS
OF ITS INTEREST IN US ECONOMIC TIES, SOME MORE RECEPTIVE
TO DIRECT PRIVATE INTERESTS THAN OTHERS, BUT OVERALL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 255577

WILLINGNESS TO DEAL DIRECTLY WITH PRIVATE AMERICAN

FIRMS IS CLEAR. INDIVIDUAL ECONOMIC COUNCILS, ESTABLISHED JOINTLY BY THE US AND LOCAL CHAMBERS OF COMMERCE, HAVE BEEN SET UP WITH HUNGARY, ROMANIA, POLAND, AND BULGARIA TO IMPROVE COMMERCIAL CONTACTS AND HELP RESOLVE COMMERCIAL PROBLEMS ARISING BETWEEN THE US AND ITS OPPOSITE NUMBER'S BUSINESS AND TRADING COMMUNITIES. A SIMILAR US-USSR TRADE AND ECONOMIC COUNCIL HAS EXISTED SINCE 1972. IN ADDITION, A VARIETY OF TRADE MISSIONS,

TECHNICAL SALES SEMINARS, EXHIBITIONS, ETC., AT THE BILATERAL LEVEL BRING US PRIVATE FIRMS IN DIRECT CONTACT WITH LOCAL INDUSTRIES IN COMMUNIST COUNTRIES.

2. TOTAL US EXPORTS TO THE PRC AND COMMUNIST COUNTRIES IN EUROPE (MILLIONS OF US DOLS):

	TOTAL 1973	TOTAL 1974	JAN-MAR 1975
PRC	690	820	70
USSR	1190	612	276
EAST. EUROPE	605	820	270

3. STATEMENTS FOLLOW UPDATING REF (A)'S DESCRIPTION OF INVESTMENT CLIMATES IN THESE COUNTRIES.

4. USSR. THERE HAS BEEN NO CHANGE IN SOVIET POLICY RE FOREIGN EQUITY IN MANAGEMENT PARTICIPATION. HOWEVER, US COMMERCIAL PRESENCE HAS EXPANDED TO POINT WHERE ABOUT 20 FIRMS ARE ACCREDITED TO SOVIET GOVERNMENT AND MAINTAIN OFFICES IN MOSCOW, INCLUDING THREE BANKS. APPLICATIONS FOR 8 TO 10 MORE ARE PENDING. NATURAL GAS PROJECT CITED IN REF (A) HAS BEEN DROPPED BUT DISCUSSIONS ARE UNDER WAY CONCERNING PULP AND PAPER PLANTS AND HOTEL CONSTRUCTION IN ADDITION TO THOSE LISTED.

5. PRC. THERE CONTINUES TO BE NO FOREIGN INVESTMENT IN PRC BUT CHINESE INTEREST IN HIGH TECHNOLOGY IMPORTS FROM THE US REMAINS VERY HIGH, ESPECIALLY IN FIELDS OF STEEL, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 255577

POWER GENERATING EQUIPMENT, FERTILIZERS AND PETROCHEMICALS. ALTHOUGH NO OFFICES HAVE BEEN OPENED IN THE PRC BY ANY FOREIGN FIRMS, US COMPANIES ARE WELL REPRESENTED AT SEMI-ANNUAL CANTON TRADE FAIR. ABOUT 250 SUCH FIRMS PARTICIPATED IN SPRING 75 AND EVEN HIGHER NUMBER ARE EXPECTED AT FALL FAIR. THERE HAS BEEN NO CHANGE IN PRC RESISTANCE TO JOINT VENTURE SCHEMES. HOWEVER, SERVICE, MANAGEMENT, AND TRAINING CONTRACTS IN FIELD OF

PETROLEUM EXPLORATION STILL REMAIN A FUTURE POSSIBILITY.

6. JOINT VENTURES ARE STILL VERY FEW IN NUMBER IN MOST OF EASTERN EUROPE, EXCEPT YUGOSLAVIA, BUT IMPORTANT GROUNDWORK HAS BEEN LAID IN TERMS OF APPROPRIATE LEGISLATION AS INDICATED IN REF (A). MOREOVER, CONTACTS WITH US FIRMS ARE DEVELOPING RAPIDLY. IN CASE OF BULGARIA, WHERE NO US COMPANY OFFICES EXIST, ESTABLISHMENT OF JOINT ECONOMIC COUNCIL WAS NEGOTIATED BY US CHAMBER

OF COMMERCE TO LAUNCH DIALOGUE ON BILATERAL TRADE OBSTACLES. ITS FIRST PLENARY SESSION WAS HELD IN SEPTEMBER.

7. HUNGARY. HUNGARIAN-US ECONOMIC COUNCIL WAS SET UP IN MARCH 1975. PAN AM HAS OPENED OFFICE IN BUDAPEST WHILE FIRST NATIONAL CITY BANK IS EXPECTED TO OPEN ITS OWN VERY SOON.

8. POLAND. THERE IS STILL NO LEGAL FRAMEWORK FOR EQUITY VENTURES, BUT POLAND HAS BEEN LEADER IN GIVING US FIRMS PERMISSION TO OPEN OFFICES IN WARSAW. MANY AMERICAN COMPANIES, INCLUDING FIRST NATIONAL BANK OF CHICAGO ARE NOW REPRESENTED IN POLAND. COOPERATIVE VENTURES WITH US COMPANIES ARE STRONGLY ENCOURAGED AND TRADE IS EXPECTED TO APPROACH DOLS. 1 BILLION IN 1976.

9. ROMANIA. IN ADDITION TO WHAT IS CITED IN REF (A), ABOUT 8 OR 9 US COMPANIES HAVE OPENED OFFICES IN BUCHAREST, INCLUDING MANUFACTURERS HANOVER TRUST. A UNIQUE JOINT VENTURE IS THE PROJECT, NOW IN FINAL NEGOTIATING STAGES, CALLING FOR DOLS. 30 MILLION ROMANIAN INVESTMENT IN US IN PARTNERSHIP WITH AMERICAN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 255577

COAL FIRM.

10. YUGOSLAVIA. WHILE JOINT VENTURES ARE ENCOURAGED, THERE ARE NO OFFICES MAINTAINED BY FOREIGN COMPANIES IN YUGOSLAVIA. A MAJOR PROJECT INVOLVING 60-70 MILLION DOLLAR INVESTMENT BY DOW CHEMICAL IS NOW IN LAST STAGES OF NEGOTIATION. KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EAST WEST TRADE, ECONOMIC COOPERATION, INVESTMENT DATA, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE255577
Document Source: CORE
Document Unique ID: 00
Drafter: ATHIBAULT
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750374-0169
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751016/aaaaaokp.tel
Line Count: 161
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 158934
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 04 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 JUN 2003 by BoyleJA>; APPROVED <10 OCT 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REQUEST FOR UPDATED INFORMATION ON AMERICAN INVESTMENT, BUSINESS/TRADE IN COMMUNIST COUNTRIES
TAGS: ECON, EIND, CE, US
To: COLOMBO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006